

Amendments to the Specification

Please replace the heading on page I, to read:

A¹ Method For ~~Accessing~~ Assessing the Business Value Of Information Technology

Please replace the paragraph beginning at page 3, line 5 with the following rewritten paragraph:

A² The implantation and high capital investment of IT within business structures has called for a concomitant capability for evaluating its worth to an organization in consistent and understandable metrics. Traditional accounting-based technologies heretofore used by business and promoted in business schools generally fail to establish a workable gauge of the value of Information Technology. A wide range of these conventional methodologies have been employed to evaluate initially installed equipment and associated software. For example, one such method, referred to as "Total Cost of Ownership" (TCO) which sums all the different elements of any alternative philosophies or alternate ways of doing things has been employed. While these methods, as well as standard analyses involving return ~~or~~ on investment (ROI) and time to breakeven, break even, were applied to initial IT procurement, they generally fail where high level changes or IT variations are contemplated. Evaluating the business impact or dynamics of additions or improvements to initially installed legacy IT systems has been an illusive goal for business analysis, ~~posing~~ imposing the dilemma of at least partially hunch-based procurement decisions on management.

Please replace the paragraph beginning at page 4, line 14 and line 34 with the following rewritten paragraph:

A³ With a view toward avoiding these past difficulties, a new method and system has been developed for assessing and quantifying the business value of an information technology application or set of such applications. See in this regard, application for U.S. Patent Serial No. 09/845,539 by David P. Vellante, *et al.*, entitled "Method and System for Assessing and Quantifying the Business Value of an Information Technology (IT) Application or Set of Applications" filed April 30, 2001 and assigned in common herewith. The first step of the method involves the calculation of a base application value based solely on the number of and cost associated with users of that application. As a next step, an actual application value is derived, wherein the base application value is adjusted by a coefficient evolved from business experience. As a final step, a potential business value is derived from which corresponding operational cost is removed. Using these values, a net business application value may be

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calculated. This methodology also may be applied to a set of business applications. The system of the invention involves components for inputting, processing, storing, and displaying data derived from application of the above-described method.

The present invention is addressed to a method for assessing and quantifying the value of an information technology (IT) application or set of such applications. With the assessment approach of the invention, analysts or senior management may efficiently derive net application values for one or a portfolio of applications in conjunction with a broad variety of informative metrics. The latter aspect of the methodology permits the generation of a broadened variety of analytic reports for a presentation to managerial decision-making authority.

Please replace the paragraph beginning at page 5, line 15 with the following rewritten paragraph:

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In addition to the noted budget breakout, a breakout of staffing costs and resources is carried out. This breakout is developed in conjunction with a number of staff function costs. Those functions comprise: senior management staff, new development staff, maintenance development staff, operations staff, technical staff, and other staff. Initially, the gross cost costs a associated with each of these staff functions are determined both with respect to the internal staff and outsourced or external staff or personnel. To achieve a normalization of cost associated with these functions, the gross cost for both internal staff and outsourced staff are summarized and then percentages by cost for each of the functions both internal and outsourced are computed utilizing the summarized gross cost for internal and outsourced staff. Then normalization of cost ~~by~~ of these functions is made available by multiplying, for each function, the percentage cost times the fully loaded cost of staff. Those normalized staff function costs then are summarized, combining internal staff and outsourced staff values.

Please replace the paragraph beginning at page 6, line 4 with the following rewritten paragraph:

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Upon developing the above-discussed breakout data, a base uplift factor is derived which is utilized to, in turn, derive an uplift factor for each of the applications, which factors are normalized. Then, the potentially synergistic impact of one application upon another or others is assessed with derivation of a an interdependency factor. The interdependency factor then is employed in deriving a base application value in conjunction with internal user cost. Total application value then is derived using that base application value, the noted application uplift, and its external user cost.

Please replace the paragraph beginning at page 7, line 29 with the following rewritten paragraph:

A6 In the discourse to follow, the methodology of the invention is described generally in context that it is employed as a service to be supplied to business clients. The method can be employed with any of a number of societal entities in addition to conventional business operations, for example, with respect to academia, non-profit entities, governmental entities and the like. Accordingly, the term "organization" is used in an encompassing manner.

Please replace the paragraphs beginning at page 31, line 1 and line 23 with the following rewritten paragraphs:

A7 Referring to Fig. 1, an overall representation of the method and system at hand is presented as represented generally at 10. As a first step in the method, as represented at block 12, the user input is gathered. This input is represented in Table 1 by the field inputs at the left of the tabulation. In general, the listing will follow the flow charts of the drawings. It may be observed that the input fields are somewhat staff oriented and the staffing data which is collected is concerned with both staff representing internal or regularly employed employees as well as external staff. In the latter regard, it is quite conventional in current organizations to employ services of external entities, for example, to handle payroll and the like. The field inputs also incorporate application and organization IT budgets and further ~~calls~~ call upon the organization to elect evaluations of the effect of ~~down-time~~ downtime or failure of components of the IT system. ~~These~~ This data then ~~are~~ is treated with the methodology to provide the noted total and net application values for the IT system and the variety of analytical reports which can be produced from the data. Upon completion of data gathering, ~~then,~~ as represented at arrow 14 and block 16, the method then carries out a measurement of user value contribution. The latter terms, are sometimes referred to as base application value, and the measurement is represented in Fig. 2. Referring to the latter figure, this routine is shown to commence with node 18 and arrow 20. Arrow 20 extends to block 22 which provides for the calculation of internal user cost. As represented in the block and shown at row 1 of Table 2, this value is derived as the number of internal users times the internal user salary multiplied by the percent of internal active concurrent users. This data is derived with respect to fields 1 through 3 of Table 1.

The terms "active concurrent" are utilized to define the utilization of the application by what may amount to a broad number of users, many of whom generate such use for only a portion of the measurement interval. Thus, the figure may represent the total number of users of the system over an interval. That number of users then is multiplied by the percentage representing those active and concurrent over the measurement interval. That percentage is

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gathered at input field 52 of Table 1. The number represents equivalent or effective people. An active concurrent user is a user who is logged on to the given application and is making extensive use of it. Essentially, an active concurrent user represents an individual that is fully dedicated to using the application, even if it is not the same individual. For example, a particular user of an application may only spend 10% of his or her day using the application. Ten individuals spending 10% of their time during a given day who are actively using an application or set of applications represents one active concurrent user.

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Please replace the paragraphs beginning at page 32, line 21 and line 30 with the following rewritten paragraphs:

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Referring to Fig. 3, the procedure for carrying out a breakout of the IT budget as represented at block 36 is set forth. In the figure, the procedure is seen to commence at node 40 and arrow 42 extending to a calculate internal IT budget block 44. This calculation is represented at row 8 of Table 2 and calls for a select multiplication of the total IT budget as provided at input field 11 of Table 1. That total IT budget ~~then~~ is multiplied by one minus the percent IT budget which is outsourced. ~~That~~ The latter percentage is accessed from input field 12 of Table 1. Note that at this juncture that the procedure is concerned with that part of the IT budget which is, in effect, in-house as opposed to being outsourced.

A The procedure then continues as represented at arrow 46 and block 48 which describes a calculation of the internal budget splits. Note that with the procedure there is assigned a number, for example, 6, of select cost categories as may be gleaned from the IT budget. Again, it is the internal budget which is under consideration at this juncture in the procedure. While a greater or lesser number of these select categories may be employed, those listed herein are fully loaded staff costs for an application (FLSC): hardware cost, software cost, network cost, the cost of consultant (Consult Cost), and other or miscellaneous cost. As represented in block 48 and row 10 of Table 2, the internal FLSC is derived as the percent of the given application of the IT budget as represented at input field 13 in Table 1, multiplied by the percent of the fully loaded staff cost for the application as inputted at field 14 of Table 1, and in turn multiplied by the internal IT budget as derived in conjunction with block 44. Next, the internal hardware cost is developed as described in conjunction with row 13 of Table 2 and represent represents a percent of the application in the IT budget (%_App_of_IT_Budget) (supra) multiplied by the percentage represented for the application by hardware (I%HW App) as derived from input field 15 in Table 1 which then is multiplied by the internal IT budget (supra). Internal software cost represents the product of the percentage for this application of the IT budget

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(supra) multiplied by the internal percentage of the software for the application as retrieved from input field 16 which, in turn, is multiplied by the internal IT budget (supra). Next, the internal software cost is developed as the product of the percentage of this application in the IT budget (supra) multiplied by the internal percentage for software with respect to this application as retrieved from input field 16 in Table 1 and that product then is multiplied by the value of the internal IT budget (supra). The internal network cost is derived as described at row 19 of Table 2. As noted in that tabulation, the internal network cost is the cost of networking including wiring routers and the like which are bought and maintained internally in the organization. That cost is derived as the percentage of the IT budget for this application (supra) multiplied by the internal percentage of the internal network represented in this application as retrieved from input field 17 of Table 1, the resultant product being multiplied by the internal IT budget (supra). The internal consultant cost, i.e., in-house consultants, is developed as the product of the percentage for this application of the IT budget (supra) multiplied by the internal percentage of consultant cost for the given application as retrieved from input field 18 of Table 1, that product, as before, being multiplied by the internal IT budget (supra). Finally, the internal other or miscellaneous cost is developed as the product of the percentage of this application within the IT budget multiplied by the percentage for this other component as retrieved from input field 19 shown in Table 1, that product being multiplied, as before, by the internal IT budget (supra).

Please replace the paragraph beginning at page 34, line 9 with the following rewritten paragraph:

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The procedure then continues as represented at arrow 54 and block 56 to calculate the outsourced budget splits. This calculation involves the same select cost categories of the IT budget as were utilized in conjunction with the procedure represented at block 48. In this regard, the outsourced FLSC is computed as described at row 11 in Table 2 as being the product of the percentage for the instant application of the IT budget (supra) multiplied by the ~~source~~ outsourced percentage of the application for the FLSC as retrieved from input field 20 listed in Table 1. The outsourced hardware cost is derived as the percentage for the instant application of the IT budget (supra) multiplied by the percentage of the outsourced hardware for the given application as retrieved from field 21 listed in Table 1 which, in turn, is multiplied by the outsourced IT budget as developed in conjunction with block 52. The outsourced software cost is developed as the percentage of the budget represented by the instant application (supra) multiplied by the percentage represented by outsourced software for the present application as retrieved from field 22 shown in Table 1 and multiplied by the outsourced IT budget developed in conjunction with block 52. The outsourced consulting costs are derived as the product of the percentage of the IT budget represented by the instant application (supra) multiplied by the

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percentage represented by outsourced consultants for the instant application as retrieved from field 24 shown in Table 1 and that product is multiplied by the outsourced IT budget developed in conjunction with block 52. The outsourced other or miscellaneous cost is developed as the product of the percentage represented by the instant application in the IT budget (supra) multiplied by the percentage represented by such other or miscellaneous outsourced cost for the instant application as retrieved from field 25 shown in Table 1 and the resultant product is multiplied by the value of the outsourced IT budget as developed in conjunction with block 52.

Please replace the paragraphs beginning at page 35, line 2 and line 33 with the following rewritten paragraphs:

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Next, as represented at arrow 58 and block 60, the outsourced and internal category values are summed together to provide by data which is useful for developing any of the variety of reports which may be generated with the methodology. In this regard, the values developed at block 48 are added with the corresponding values developed in conjunction with block 56. Note, that the FLSC as is described at row 12 in Table 2 is represented as the value of the internal FLSC added with the outsourced FLSC. Hardware cost is computed as represented at row 15 in Table 2 and is the sum of the internal hardware cost and the outsourced hardware cost. Software cost is developed as represented at row 18 in Table 2 and is the sum of the internal software cost and the outsourced software cost. Network cost is developed as represented at row 21 in Table 2 and represents the sum of the internal network cost and the outsourced network cost. Consulting cost is developed as represented at row 24 in Table 2 and represents the sum of the internal consultant cost and the outsourced consultant cost. Other or miscellaneous cost is developed as represented at row 27 in Table 2 and is derived as the sum of the internal other cost and the outsourced other cost. The procedure then, as represented at arrow 62 and node 64 returns to Fig. 1 and bifurcate arrow 34 extending additionally to the breakout of staffing ~~cost~~ costs and resources as represented at block 38.

The breakout procedure is shown in Fig. 4 as commencing at node 70 and arrow 72 extending to block 74. At block 74 the calculation of gross cost by the above-identified functions is represented. Note, that the calculations for the staff functions are carried out with respect to internal staff and outsourced staff.

Please replace the paragraphs beginning at page 36, line 2 and line 28 with the following rewritten paragraphs:

A11
The internal gross cost for senior manager staff (IGC_Sr_Mgr) is derived as represented at row 30 in Table 2 and is ~~derived~~ developed as a product of the percentage for internal senior

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managers retrieved from field 33 shown in Table 1 multiplied by the average salary for senior managers as retrieved from field 26 shown in Table 1. ~~The internal~~ Internal gross cost for internal staff involved with new development (IGC_New_Dev) is derived as the percentage of internal staff involved with new development (%_New_Dev_Internal) retrieved from field 34 shown in Table 1 multiplied by the average salary for staff involved in new development retrieved from field 27 shown in Table 1. ~~The internal~~ Internal gross cost for internal staff involved in maintenance development (IGC_Maint_Dev) is computed as represented at row 50 in Table 2 as the product of the percent of internal staff engaged in maintenance development (%_Maint_Dev_Internal) as retrieved from field 35 shown in Table 1 and the average salary for maintenance development staff as retrieved from field 28 shown in Table 1. ~~The gross~~ Gross cost for internal staff involved in operations (IGC_Ops) is derived as represented at row 60 in Table 2 as the product of the percentage of internal operations staff (%_Ops_Internal) as retrieved from field 36 shown in Table 1 and the average salary for staff involved in operations (Average_Salary_Ops) as retrieved from field 29 as shown in Table 1. The gross cost for staff involved in technology functions (IGC_Tech) is derived as represented at row 70 shown in Table 2 as a product of the percentage of internal staff involved in technology (%_Tech_Internal) as retrieved from field 37 shown in Table 1 and the average salary for such technical staff (Average_Salary_Tech) retrieved from field 30 shown in Table 1. ~~The gross~~ Gross cost for internal other staff (IGC_Other_Staff) is derived as represented at row 80 shown in Table 2 and is the product of the percentage of internal staff associated with other functions (%_Other_Staff_Internal) as retrieved from field 38 shown in Table 1 and the average salary for internal other staff (Average_Salary_Other_Staff) as retrieved from field 31 shown in Table 1.

The calculation of gross cost by function next turns to outsourced staff. Block 74 shows the computation of the gross cost of outsourcing senior managers (OGC_Sr_Mgr) as described at row 34 in Table 2. This cost is developed as the product of the percent of outsourced senior managers (%_Sr_Mgr_Outsourced) as retrieved from field 40 shown in Table 1 and the average salary for senior managers (supra). ~~The gross~~ Gross cost for outsourced staff involved in new development (OGC_New_Dev) as described at row 44 in Table 2 is derived as the product of the percentage of outsourced staff concerned with new developments (%_New_Dev_Outsourced) retrieved from field 41 shown in Table 1 multiplied by the average salary of staff involved with new development (supra). The gross cost for outsourced staff involved in maintenance development (OGC_Maint_Dev) as described at row 54 in Table 2 is derived as the product of the percentage of outsourced staff engaged in maintenance (%_Maint_Dev_Outsourced) retrieved from field 42 shown in Table 1 and the average salary for staff involved in maintenance development (supra).

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Please replace the paragraphs beginning at page 37, line 9, line 21 and 30 with the following rewritten paragraphs:

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The gross cost for outsourced staff involved in operations (OGC_Ops) is derived as represented at row 64 in Table 2 as the product of the percentage of outsourced staff involved in operations (%_Ops_Outsourced) retrieved from field 43 shown in Table 1 and the average salary for staff involved in operations (supra). The gross Gross for outsourced technical staff (OGC_Tech) is derived, as described at row 74 shown in Table 2, as the product of the percentage of outsourced technical staff (%_Tech_Outsourced) as retrieved from field 44 shown in Table 1 and the average salary for the technical staff (supra). Finally, the gross cost for outsourced other staff (OGC_Other_Staff) as described at row 84 ~~as of~~ Table 2 is derived as the product of the percentage of outsourced other staff (%_Other_Staff_Outsourced) as retrieved from field 45 shown in Table 1 and the average salary for other staff (supra).

The procedure then continues as represented at arrow 76 ~~in~~ and block 78 to summarize the calculated gross cost. This component of the procedure basically derives the gross cost internally and outsourced for all of the above staff functions. Accordingly, the summation of the internal gross cost (Sum_IGC) is computed as represented at row 91 shown in Table 2 as the sum of the internal gross cost staff functions developed in conjunction with block 74. Correspondingly, the sum of the outsourced gross ~~cost~~ costs for the six functions shown in block 74 (Sum_OGC) is computed as represented at row 90 in Table 2 as the sum of the outsourced gross ~~cost~~ costs derived in conjunction with block 74.

The procedure then continues as represented at arrow 80 and block 82 to determine percentages by cost with respect to the sums developed in conjunction with block 78. The percentage of the cost of internal senior managers (I%_Sr_Mgr_Cost) is derived as described at row 31 in Table 2 as the ratio of the gross cost for internal staff senior managers (supra) ~~divided by~~ to the sum of the internal gross ~~cost~~ costs in block 78 (supra). The percentage for internal staff involved in new development (I%_New_Dev_Cost) is derived as described at row 41 in Table 2 by dividing the gross cost of internal new development staff (supra) by the sum of the internal gross cost (block 78). The percentage of the cost of internal staff involved in maintenance development (I%_Maint_Dev_Cost) is derived, as described at row 51 in Table 2, by dividing the gross cost for internal staff involved in maintenance development (supra) by the sum of the internal gross cost (block 78). The cost percentage for internal staff involved in operations (I%_Ops_Cost) is derived as described at row 61 in Table 2 by dividing the cost of internal staff (supra) by the sum of the gross ~~cost~~ costs for internal staff (block 78). The cost

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percentage for internal technical staff (I%_Tech_Cost) is derived as described at row 71 in Table 2 by the dividing the gross cost for internal technical staff (supra) by the sum of the gross ~~cost~~ costs for internal staff (block 78). The cost percentage for other internal staff (I%_Other_Staff_Cost) is derived, as described at row 81 in Table 2, by dividing the gross cost for internal staff involved in other duties (supra) by the summation of the gross ~~cost~~ costs for the internal staff (block 78).

Please replace the paragraphs beginning at page 38, line 19 and 29 with the following rewritten paragraphs:

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The calculation of percents now turns to outsourced staff functions commencing with the determination of the cost percentage for outsourced senior managers (O%_Sr_Mg_Cost) as described at row 35 in Table 2. The This percentage is derived by dividing the gross cost for outsourced senior managers (supra) by the sum of the gross ~~cost~~ costs for outsourced personnel (block 78). The cost percentage for outsourced staff involved in new development (O%_New_Dev_Cost) is developed as described at row 45 in Table 2 by dividing the gross cost for outsourced staff involved in new developments by the sum of the gross cost for outsourced staff (block 78). The ~~cost~~ costs percentage for outsourced staff involved in maintenance development (O%_Maint_Dev_Cost) is derived, as described at row 55 in Table 2, by dividing the gross cost for outsourced staff involved in maintenance development by the sum of the gross ~~cost~~ costs for outsourced staff (block 78).

The cost percentage for outsourced personnel involved in operations (O%_Ops_Cost) is derived as described at row 65 in Table 2 by dividing the gross cost for outsourced staff involved in operations by the sum of the outsourced gross ~~cost~~ costs of staff (block 72). The cost percentage for outsourced technical personnel (O%_Tech_Cost) is derived, as described at row 75 in Table 2, by dividing the gross cost for outsourced technical personnel by the sum of the gross ~~cost~~ costs of personnel (block 78). The cost percentage for outsourced other staff (O%_Other_Staff_Cost) is derived, as described at row 85 in Table 2, by dividing the gross cost of outsourced other staff by the sum of the gross cost for personnel (block 78).

Please replace the paragraphs beginning at page 39, line 4, line 13 and line 32 with the following rewritten paragraphs:

A 14
The procedure then proceeds as represented at arrow 84 and block 86 to normalize the cost by function. Typically in gathering inputs from the organization, as described in conjunction with block 12 in Table 1, the breakouts for staff are given by personnel count as opposed to budget dollars. With the instant normalization function, a more accurate representation of the

identified staff functions, both internal and outsourced, ~~are~~ is derived utilizing the cost percentages developed as described in conjunction with block 82 and the ~~totally~~ fully loaded staff cost (FLS_Cost) as derived in conjunction with the total budget categories described in conjunction with block 60 in Fig. 3.

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The normalized senior manager internal staff cost (Sr_Mgr_Cost_Internal) is derived, as described at row 32 in Table 2, by ~~driving~~ deriving the product of the fully loaded internal staff cost and the corresponding calculated percentage for internal senior managers (block 82). ~~The~~ A normalized cost for internal new development staff (New_Dev_Cost_Internal) is derived, as described at row 42 in Table 2, as the product of the fully loaded staff cost and the cost percentage for internal new development staff (block 82). The normalized cost for internal maintenance development staff (Maint_Dev_Cost_Internal) is developed, as described at row 52 in Table 2, as a product of the fully loaded staff cost and the cost percentage for internal staff involved in operations (block 82). The normalized cost for internal staff involved in operations is derived, as described at row 62 in Table 2, as the product of the fully loaded staff cost and the cost percentage for internal staff involved in operations (block 82). ~~The~~ A normalized cost for internal staff involved with technology (Tech_Cost_Internal) is derived, as described at row 72 in Table 2, as the product of the fully loaded staff cost and the cost percentage for internal staff involved with technology. ~~The~~ A normalized cost for internal staff involved in other categories (Other_Staff_Cost_Internal) is derived, as described at row 82 in Table 2, as the product of the fully loaded staff cost and the cost percentage for other internal staff (block 82).

Now looking to the normalization of the outsourced staff cost, the normalized cost for outsourced senior managers (Sr_Mgr_Cost-Outsourced) is derived, as described at row 36 in Table 2, as the product of the fully loaded staff cost and the cost percentage for outsourced senior managers (block 82). ~~The~~ A normalized cost for outsourced new development staff (New_Dev_Cost-Outsourced) is derived, as described at row 46 in Table 2, as the product of the fully loaded staff cost and the cost percentage for outsourced new development staff (block 82). The normalized cost for outsourced staff involved in maintenance development (Maint_Dev_Cost-Outsourced) is derived, as represented at row 56 in Table 2, as the product of the fully loaded staff cost and the cost percentage for outsourced maintenance development personnel (block 82). ~~The~~ A normalized cost for outsourced personnel involved in operations (Ops_Cost-Outsourced) is derived, as described at row 66 in Table 2, as a product of the fully loaded staff cost and the cost percentage for outsourced operations personnel. The normalized cost for outsourced personnel involved in technology (Tech_Cost-Outsourced) is derived, as described at row 76 in Table 2, as a product of the fully loaded staff cost and the cost percentage for technology personnel (block 82). The normalized cost for outsourced other staff

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(Other_Staff_Cost_Outsourced) is derived, as described row 86 in Table 2, as a product of the fully loaded staff cost and the cost percentage for outsourced other staff (block 82).

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Please replace the paragraph beginning at page 40, line 18 with the following rewritten paragraph:

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The procedure then proceeds as represented by arrow 88 and block 90 to summarize the costs by function. This is achieved by summing the internal and outsourced normalized staff function costs as described in conjunction with block 86. In effect, a total cost is derived for each staff position or function. Accordingly, the senior manager cost (Sr_Mgr_Cost) is derived, as described at row 39 in Table 2, as the sum of the internal senior manager cost and the outsourced senior manager cost (block 86). The sum of new development cost (New_Dev_Cost) is derived, as described at row 49 in Table 2, as the sum of the cost of the internal staff engaged in new development and outsourced personnel engaged in new development (block 86). The ~~summed~~ Summed maintenance development cost (Maint_Dev_Cost) is derived, as described at row 59 in Table 2, as the sum of the normalized internal maintenance development staff cost and the outsourced normalized cost for maintenance development personnel (block 86). The summed operation staff cost (Ops_Cost) is derived, as described at row 69 in Table 2, as the sum of the normalized internal operation staff cost and the normalized outsourced operations personnel cost (block 86). The ~~summed~~ Summed technical staff cost (Tech_Cost) is derived, as described in conjunction with row 79 in Table 2, as the sum of the normalized internal technical staff cost and the normalized outsourced technical staff cost (block 86). The summed other staff cost (Other_Staff_Cost) is derived, as described in conjunction with row 89 in Table 2, as the sum of the normalized cost of the internal other staff and the normalized cost of the outsourced other staff or personnel.

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Please replace the paragraphs beginning at page 41, line 5 and line 32 with the following rewritten paragraphs:

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The procedure then continues as represented by arrow 92 and block 94 to calculate the numbers of fulltime equivalent persons associated with each of the select staff functions. In this regard, the program has developed costs by function and now turns to determining the total number of staff for each of these functions. As before, these functions are considered separately in terms of internal staff and outsourced staff. The equivalent senior manager internal staff (Sr_Mgr_Internal) is derived, as described at row 33 in Table 2, as a product of the

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count*

internal IT staff count (IT_Staff_Count_Internal) retrieved from field 32 as shown in Table 1 and the percentage of internal senior managers (%_Sr_Mgr_Internal) as retrieved from field 33 shown in Table 1. ~~The~~ An equivalent internal new development staff (New_Dev_Internal) is derived, as described at row 43 in Table 2, as the product of the internal staff count (supra) and the percent of internal new development staff (%_New_Dev_Internal) as retrieved from field 34 shown in Table 1. Fulltime equivalent internal maintenance development staff (Maint_Dev_Internal) is derived, as described at row 53 in Table 2, as a product of the IT internal staff count (supra) and the percentage of internal maintenance development staff (%_Maint_Dev_Internal) as retrieved from field 35 shown in Table 1. ~~The~~ A fulltime equivalent internal operations staff (Ops_Internal) is derived, as described at row 63 in Table 2, as the product of the internal IT staff count (supra) and the percentage of internal operations staff (%_Ops_Internal) as retrieved from field 36 shown in Table 1. The fulltime equivalent internal technical staff (Tech_Internal) is derived, as described at row 73 in Table 2, as the product of the internal IT staff count (supra) and the percentage of internal technical staff (%_Tech_Internal) retrieved from field 37 shown in Table 1. The fulltime equivalent count for internal other staff (Other_Staff_Internal) is derived, as described at row 83 in Table 2, as the product of the internal IT staff count (supra) and the percentage of internal other staff (%_Other_Staff_Internal) as retrieved from field 38 shown in Table 1.

The fulltime equivalent calculation now turns to staff function grouping with respect to outsourced personnel. In this regard, the fulltime equivalent outsourced senior manager staff (Sr_Mgr_Outourced) is derived, as described at row 37 in Table 2, as the product of the outsourced IT staff (IT_Staff_Count_Outourced) retrieved from field 39 shown in Table 1 and the percentage of outsourced senior managers (%_Sr_Mgr_Outourced) retrieved from field 40 of Table 1. ~~The fulltime~~ Fulltime equivalent count of outsourced new development staff (New_Dev_Outourced) is derived, as described at row 47 in Table 2, as the product of the outsourced IT staff count (supra) and the percent of new development outsourced personnel (%_New_Dev_Outourced) as retrieved from field 41 shown in Table 1. A fulltime equivalent count for outsourced maintenance development personnel (Maint_Dev_Outourced) is derived, as described at row 57 in Table 2, as the product of the outsourced IT staff count (supra) and the percentage of outsourced maintenance development personnel (%_Maint_Dev_Outourced) as retrieved from field 42 shown in Table 1. The fulltime equivalent number of outsourced operations staff or personnel (Ops_Outourced) is derived, as described at row 67 in Table 2, as the product of the outsourced IT staff count (supra) and the percentage of outsourced operations personnel (%_Ops_Outourced) retrieved from field 43 shown in Table 1. A fulltime equivalent count for outsourced technical personnel or staff (Tech_Outourced) is derived, as

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described at row 77 in Table 2, as the product of the outsourced IT staff count (supra) and the percentage of outsourced technical personnel (%_Tech_Outsourced) as retrieved from field 44 shown in Table 2. Fulltime equivalent outsourced other staff (Other_Staff_Outsourced) is derived, as described at row 86 in Table 2, as the product of the outsourced IT staff count (supra) and the percentage of other staff (%_Other_Staff_Outsourced) as retrieved from field 45 shown in Table 1.

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Please replace the paragraph beginning at page 42, line 24 with the following rewritten paragraph:

A17
The program then continues as represented at arrow 96 and block 98 to summarize the fulltime equivalent staff by the noted ~~select~~ staff functions. The fulltime senior manager number (Sr_Mgr) is derived, as described at row 38 of Table 2, as the sum of the fulltime equivalent internal senior managers and the fulltime equivalent outsourced senior managers (block 94). A fulltime equivalent new development staff number (New_Dev) is derived, as described at row 48 in Table 2, as the sum of the internal fulltime equivalent new development staff and outsourced fulltime equivalent new development staff (block 94). The summed fulltime equivalent maintenance development staff (Maint_Dev) is developed, as described at row 58 in Table 2, as the sum of the fulltime equivalent internal maintenance development staff and the outsourced fulltime equivalent maintenance development staff (block 94). ~~The A~~ summed fulltime equivalent operations staff (Ops) is derived, as represented at row 68 in Table 2, as the sum of the fulltime equivalent internal operations staff and the fulltime equivalent outsourced operations staff (Fig. 94). The summed fulltime equivalent technology staff (Tech) is derived, as described at row 78 in Table 2, as the sum of the internal fulltime equivalent technical staff and the fulltime equivalent outsourced technical staff (block 94). ~~The A~~ summarized fulltime equivalent other staff (Other_Staff) is derived, as described at row 88 in Table 2, as the sum of the internal fulltime equivalent other staff and fulltime equivalent outsourced other staff.

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Please replace the paragraph beginning at page 43, line 9 with the following rewritten paragraph:

A18
The program then continues as represented arrow 100 and block 102 to build summary budget categories. This is an assembly of four budget ~~group~~ groups narrowly configured with the earlier derived data. ~~This permits~~ permitting evaluation of the IT system at a less granular level. The initial group is shown as a hardware-software-network cost (HW_SW_N_Cost) which is derived, as described at row 28 in Table 2, as the sum of hardware cost (Hardware_Cost) which is derived, as described in conjunction with row 15 in Table 2, as the

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sum of the internal hardware cost and outsourced hardware cost. With hardware cost is software cost (Software_Cost), which is derived, as described at row 18 of Table 2, as the sum of internal software cost and outsourced software cost. Next summed for this major group is network cost (Network_Cost), which is derived, as represented at row 21 in Table 2, as the sum of internal network cost and outsourced network cost.

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Please replace the paragraphs beginning at page 44, line 3 and line 26 with the following rewritten paragraphs:

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Looking to Fig. 1, ~~duel~~ dual arrow 108 is seen to extend from blocks 36 and 38 to arrow 110 and block 112 describing a calculation of total and net application value, metrics which are highly valuable to an assessment by management of the IT system of an organization. This procedure is illustrated at a higher level of detail in connection with Fig. 5. Looking to Fig. 5, the calculation procedure is shown to commence at node 120 and arrow 122 extending to block 124. As represented at block 124, a base uplift is calculated as represented at row 4 of Table 2, the base uplift is derived by dividing the ~~organizations~~ organizations' total revenue (Revenue), as retrieved from field 8 as shown in Table 1, ~~divided~~ by the product of the number of employees in the organization (Employees acquired from field 9 as shown in Table 1) and their average salary (Average Salary as acquired from field 10 as shown in Table 1). Accordingly, for the organization overall, each employee typically will bring so many dollars into the organization for each dollar the organization spends on them.

The program then proceeds as represented at arrow 130 and block 132, the latter block providing for a calculation of interdependencies. ~~Interdependencies~~ Such interdependencies feature of the methodology serves to recognize that some tools A of an IT system will not be as useful were they not in the presence of another tool B. When such tools are present together, however, they may, as it were, evidence a certain synergism wherein the value of one is enhanced. For example, data warehouse may evidence a given lower usefulness in and of itself. However, where it is employed to compile and send data to another application, that other application may become much more valuable. Accordingly, the program permits the organization to allocate some part of value from one application to another using the above scenario, perhaps 25% of the value of the noted data warehouse is properly present in an associated executive system. That 25% improvement, therefore, is assigned to the executive system. As described at row 3 of Table 2, the interdependency factor is the sum of the %Allocate_n as derived from field 46 shown in Table 1, for all applications in the organizations' portfolio. It will represent the sum of the %Allowcate_{n1} through %Allocate_{ni}. As noted at row 3 of Table 2, the noted sum is

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for each application n, in the portfolio of applications from 1 to i where i is the last application in the portfolio.

Please replace the paragraphs beginning at page 45, line 9, line 15 and line 19 with the following rewritten paragraphs:

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The program then continues, as represented at arrow 134 and block 136, to carry out a calculation of total application value. In ~~driving~~ deriving the total value, the Base Application Value initially is derived as described in conjunction with row 6 in Table 2. The Base Application Value is derived as the product of the Internal_User_Cost as developed in conjunction with block 22 in Fig. 2 and the interdependency factor I_Factor as derived in conjunction with block 132 of the instant figure.

As described in conjunction with row 7 of Table 2, Total_Application_Value is derived in conjunction with all uplifts and interdependencies taken into account per application. Accordingly, it is derived as the Base_Application_Value times the sum of the Application_Uplift (block 128) and External_User_Cost (Fig. 2, block 26).

As represented at arrow 138 and block 140, the program then carries out a calculation of unavailability. This is an evaluation of a condition wherein the system is down or otherwise unavailable. Referring to Fig. 6, this feature of the methodology is illustrated at an enhanced level of detail. This component of the program is entered as represented at node 142 and arrow 144 extending to block 146. As described at row 94 of Table 2, block 146 is concerned with a calculation of Typical_Availability. In general, this is an evaluation of the percent of time a platform is generally up and available. It is derived by accessing Scheduled_Hours at field 49 as shown in Table 1. From the scheduled hours input, Downtime is subtracted. Downtime is accessed from field 50 as described in conjunction with Table 1. That valuation then is divided by the noted Scheduled_Hours. Next, as represented at arrow 148 and block 150, the program looks up a factor based upon an organization user input as represented at field 95 in Table 2. ~~Fact~~ Impact of outage is the percent impact to the business or organization of an unexpected outage. Accordingly, the user or organization elects a numerically identified level as set forth in field 47 in Table 1. These levels represent a hierarchal succession of consequences or impact, ~~for~~ For each one of these levels, a noted percent impact to the organization business is assigned. In this regard, looking to field 47 in Table 1, at a level 1 the staff will do something else that is equally productive and the outage impact is assigned as 10%. At the second level of the hierarchy, the staff will do something else moderately productive and the corresponding outage impact is assigned as 20%. At the third level, the staff will do something else that is far less productive and the outage impact is assigned as 40%. At level 4, the staff will perform the same task manually and the outage impact is assigned as 60%. At level 5, the staff can do nothing and

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cont

productivity is severely impacted, an outage impact at this level being assigned as 80%. At the highest level 6, it is considered a major exercise to restore the systems when they return and the outage impact is assigned as 100%.

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Please replace the paragraphs beginning at page 48, line 9 and line 20 with the following rewritten paragraphs:

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The program then continues as represented at arrow 192 and block 194 which provides for calculating ~~faster disaster recovery costs~~ cost to potential total loss ratio as described at row 102 in Table 2, the ratio providing the relative cost of disaster recovery compared to the cost incurred. ($DR_Cost/Potential_Total_Loss$). Potential Total Loss is derived as represented at row 101 of Table 2 as (Total Application Value times Impact of Outage times (1 minus Typical Availability) times Major Impact) divided by Mitigation. Total Application Value has been described in conjunction with block 136 in Fig. 5. Impact of Outage has been described in conjunction with block 150 of Fig. 6. (One minus typical availability) has been described in conjunction with block 154, Fig. 6. Major Impact has been described in conjunction with block 174; and Mitigation has been described in conjunction with block 178.

The program then returns to Fig. 5 as represented at arrow 196 and node 198. Looking to Fig. 5, arrow 200 is seen to extend from block 162 to block 202 which provides for the calculation of Inflexibility. As described at row 104 of Table 2, Inflexibility is concerned with the impact of maintenance and changes on the value of each application or each platform. In effect, the term concerns how much it costs an organization in lost business opportunities because it was maintaining a system it already had, as As described at row 104 of Table 2, it is the product of base Inflexibility times ($Sum\ of\ Total_Application_Value / Sum\ of\ Total_IT_Budget$). As described at row 103 of Table 2, base Inflexibility is calculated as $Maint_Dev\ times\ Average_Salary_Maint_Dev$ as described in conjunction with block 98 of Fig. 4. $Average_Salary_Maint_Dev$ is accessed from field 28 as shown in Table 1. The application values which are summed are described in Fig. 5 in connection with block 136; and the sum of the Total IT Budget is the applications summed IT budget described in conjunction with block 102 of Fig. 4.

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Please replace the paragraph beginning at page 55, line 1 with the following rewritten paragraph:

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Method For ~~Accessing~~ Assessing The Business Value Of Information Technology